

Bank Reconciliation

Chapter-6

May-Jun 2010

At 31 March 2010, the balance in K. Rahman & Co's cash book was Tk.52,500 debit. A bank statement on 31 March 2010 showed K. Rahman & Co. to be in credit at the bank by Tk.1,12,700.

On investigation of the difference, it was established that: 5

- i) The cash book had been overcast by Tk.1,500 on the debit side.
- ii) Cheques paid in but not yet credited by the bank were Tk.3,300.
- iii) Cheques drawn not yet presented to the bank were Tk.65,000.

Prepare a statement reconciling the balance per the bank statement to the balance per the cash book.

May-Jun 2011

The debit balance in ABC Ltd.'s cash book at the year end is Tk.45,220. The following items appear in the bank reconciliation at the year end.

Unpresented cheque Tk.2,880

Uncleared lodgments Tk.9,187

A customer's cheque for Tk.2,210 was returned unpaid by the bank before the year end, but this has not been recorded in the cash book.

What was the balance in hand shown by the bank statement?

Nov-Dec 2012

The bank reconciliation for Moon Ltd. as on 31 October 2012 was as follows: Moon Limited

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October 31, 2012 Particulars

Cash balance as per book

Add: Deposit in transit

Less: Outstanding cheques:

Cheque No. 2451

" 2470

" 2471

" 2472

" 2474

Adjusted cash balance per bank

Taka

1,260.40

720.10

844.50

503.60

1,050.00

Taka

12,444.70

1,530.20

13,974.90

4,378.60

9,596.30

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The November 2012 bank statement showed the following cheques and deposits:

Cheques			Deposits	
Date	Cheque No.	Amount (Tk.)	Date	Amount (Tk.)
November 01	2470	720.10	November 01	1,530.20
02	2471	844.50	04	1,211.60
03	2474	1,050.00	08	990.10
04	2475	1,640.70	13	2,575.00
08	2476	2,830.00	18	1,472.70
10	2477	600.00	21	2,945.00
15	2479	1,750.00	25	2,567.30
18	2480	1,330.00	28	1,650.00
27	2481	695.40	30	1,186.00
29	2483	575.50		
30	2486	900.00		

The cash records as per books for November 2012 showed the following:

Cash Payments Journal			Cash Receipts Journal	
Date	Cheque No.	Amount (Tk.)	Date	Amount (Tk.)
Nov. 01	2475	1,640.70	Nov. 03	1,211.60
02	2476	2,830.00	07	990.10
02	2477	600.00	12	2,575.00
04	2478	538.20	17	1,472.70
08	2479	1,570.00	20	2,954.00
10	2480	1,330.00	24	2,567.30
15	2481	695.40	27	1,650.00
18	2482	612.00	29	1,186.00
20	2483	575.50	29	1,338.00
Total receipts				15,944.70

Additional information:

- A credit of Tk.1,505.00 for the collection of Tk.1,400 note receivable for Moon Ltd. plus interest of Tk.120 and less a collection fee of Tk.15. Moon Ltd. has not accrued any interest on the note.
- The bank debited Tk.72 for supplying a cheque book and credited interest on short notice deposit (SND) Account of Tk.1,500.

At November 30, 2012 the cash balance per book was Tk.10,846.90 and the cash balance per the bank statement was Tk.17,069.40.

Required:

- Prepare a cash book for November 2012 to find out adjusted cash balance for reporting on the Moon Ltd. financial statements as on 30 November, 2012.
- Prepare the adjusting entries based on the reconciliation.

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May-Jun 2013

Bank Account balance in the cash book of ABC Ltd., showed credit balance of Tk.6,000 as on 30 June 2012. The bank statement as at 30 June 2012 showed an overdraft of Tk.700. The following were recorded on checking the cash book and the bank statement as on 30 June 2012:

- (a) ~~Cheques drawn Tk.10,000 had been entered in the cash book but had not yet been presented.~~
- (b) ~~Cheques received Tk.8,000 had been entered in the cash book but had not yet been credited by the bank.~~
- (c) ~~On instructions from ABC Ltd. the bank had transferred Tk.1,200 interest received on 30 June 2012 to another account of the company, but it only recorded the transfer on 05 July 2012. This amount was credited in the cash book on June 30, 2012.~~
- (d) ~~Bank charges of Tk.700 shown in the bank statement had not been entered in the cash book.~~
- (e) ~~The payments side of the cash book had been undercast by Tk.200.~~
- (f) ~~Tk.4,000 received as dividend had been paid direct into the bank and not entered in the cash book.~~

(g) ~~A cheque of Tk.1,000 from Sunil was recorded and banked on 20 June. (Bank Dr, Receivables Cr)-~~

~~This was returned unpaid on 30 June and then shown as a debit on the bank statement (Receivables Dr, Bank Cr)~~

~~No entry has been made in the cash book for the unpaid cheque.~~

(h) A cheque issued to Jones for CU500 was replaced when it was more than six months old, at which time it had become 'out of date' and the bank would have refused to pay it. It was entered again in the cash book, **no other entry being made.**

Both cheques were included in the total of unpresented cheques shown above.

1st Journal (Cash book posted)- Not reversed

Payables Dr
Bank Cr

Bank Dr
Payables Cr

Replaced Cheque (Cash book posted)

Payables Dr
Bank Cr

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Both Cheque- Unpresented cheque

Required:

- (i) Make the appropriate adjustments in the cash book as on 30 June 2012. 32
- (ii) Prepare a statement reconciling the amended balance with that shown in the bank statement.

Nov-Dec 2013

Cash Book (bank column) of Andrew Chain revealed Tk. 50,700 (Dr balance) as at 30 June 2013. However, bank statement showed Tk. 57,185 (Cr balance) as at 2 July 2013. On scrutiny, following items were identified:

- (i) Bank charges Tk. 300 and bank interest Tk. 500 shown in the bank statement on 30 June 2013 had not been entered in the cash book.
- (ii) Jeffery, a debtor deposited Tk. 4,500 to the bank account directly on 2 July 2013.
- (iii) Cheque amounting to Tk. 2,000 issued to supplier on 25 June 2013 and posted to cash book had been presented to bank on 1 July 2013.
- (iv) Dividend amounting to Tk. 500 had been paid direct to the bank on 30 June 2013 and not entered in the cash book.
- (v) Cheque amounting to Tk. 6,500 sent to bank for collection, though entered in the cash book Tk. 5,600 erroneously, had not been credited by the bank.
- (vi) Refund warrant, Tk.7,000 for share application in primary market was deposited direct to bank on 29 June 2013 and bank charged Tk.115 as commission (including 15% VAT) for processing the refund warrant. These had not been entered in the cash book.

Requirements:

- (a) Rewrite the cash book for June 2013.
- (b) Prepare a statement reconciling the revised balance in the cash book with the balance as per bank statement as at 30 June 2013.
- (c) Which bank balance will appear in the Balance Sheet of Andrew Chain as at 30 June 2013 and why?

Nov-Dec 2014

On 31 December 2013, Sami's cash book showed an overdraft of Tk. 4,500 on his current account. A bank statement at 31 December 2013 showed that Sami was in credit with the bank by Tk. 4,000.

- (i) On checking the cash book with the bank statement, the following are detected: (i) Cheque drawn amounting to Tk. 1,000, entered in the cash book but not yet presented.
- (ii) The bank had transferred interest received on savings account of Tk.1,500 to current account, recording the transfer on 20 January 2014. This amount had been entered in cash book on 30 December 2013.
- (iii) The payments side of cash book had been undercast by Tk.1,000.
- (iv) A cheque for Tk. 5,000 drawn on savings account had been shown in the cash book as drawn on current account.
- (v) A cheque issued to Namira for Tk. 2,500 was replaced being out of date. It was

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credited again in the cash book. Both cheques were included as the un-presented cheque.

Requirements:

- (i) Rewrite the cash book for December 2013.
- (ii) Prepare a statement reconciling the revised balance in the cash book with the balance as per bank statement as at 31 December 2013.

Nov-Dec 2015

- 1 At the end of 30 June 2015, Gouri's cash book showed that she had an overdraft of Tk. 300 on her current account at the bank. A bank statement as at 30 June 2015 showed that she has an overdraft of Tk. 150. On checking the cash book and bank statement you found the following:
 - (i) Cheques issued to a supplier amounting to Tk. 485, had been entered in the cash book, but not yet been presented by the supplier.
 - (ii) Cheques received and deposited amounting to Tk. 400 had been entered in the cash book, but had not yet been credited by the bank.
 - (iii) Bank charges Tk. 35 debited by the bank but it was not credited in the cash book.
 - (iv) A customer has deposited Tk. 200 directly into the bank which has not been recorded in the cash book.
 - (v) A cheque for Tk. 50 from Banani was recorded and banked on 24 June. This was returned unpaid on 30 June. No entry has been made in the cash book.
 - (vi) An insurance premium paid of Tk. 50 is transferred by the bank as per previous instruction, but was recorded by the bank on 5 July 2014. This amount was duly credited in the cash book.
 - (vii) A cheque Tk 20,000 has been deposited in the bank on 26 June 2015 but necessary entry was not made in the General ledger. However, the said cheque was not honored due to invisible issuer signature.

Required:

- (i) Prepare a statement of corrected cash book as on 31 December 2014
- (ii) Prepare a bank reconciliation statement as per corrected cash book's customer wise.
- (iii) Prepare adjusted net profit for the year ended on 31 December 2014. Assume that, the company assessed Gross profit Tk. 100,000 before adjusting the above entries.

May-June 2016

- 1 Mr. Wasi has received his bank statement for the month of December 2015. The bank statement dated 31 December 2015 showed a credit balance of Tk.14,130 whereas his cash book showed a debit balance of Tk.47,330. On scrutiny the cash book and bank statement, the following discrepancies were noted:
 - 1) Bank charges of Tk. 60 had not been entered in the cash book.
 - 2) Cheques drawn by Wasi and totaling to Tk. 450 had not yet been presented to the bank.
 - 3) Wasi had not entered receipts of Tk. 530 in his cash book.
 - 4) The bank had not credited Wasi with receipts of Tk. 1,970 deposited into the bank on 31 December 2015.
 - 5) Standing order payments amounting to Tk. 1,240 had not been entered in the cash book.

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- 6) Wasi had entered a payment of Tk. 560 in his cash book as Tk. 650.
- 7) A cheque received for Tk. 300 from a debtor had been returned by the bank marked "refer to drawer", but this had not been written back in the cash book.
- 8) Wasi had brought down his opening cash book balance of Tk. 6,585 as a debit balance instead of as a credit balance.
- 9) An old cheque payment amounting to Tk. 880 had been written back in the cash book, but the bank had already honored it.
- 10) Some of Wasi's customers had paid to settle their debts by direct debit. Unfortunately, the bank had credited some direct debits amounting to Tk. 16,650 to another customer's account.

Requirements:

- (i) Prepare a statement showing Wasi's adjusted cash book balance as at 31 December 2015. 7
- (ii) Prepare a bank reconciliation statement as at 31 December 2015.

Nov-Dec 2016

2 The following are extracts from the cash and bank statements of IPM Ltd for the month of April, 2016.

Cash Book		Date	DR	Date	CR
			Taka		Taka
April 1	Balance b/d		60,000	April 2	Rahman
" 7	Mark Taylor		14,000	" 11	Ehasan
" 13	Yassir Hosain		4,900	" 17	Oishee
" 16	Niaz Ahmed		9,780	" 25	Hossen
" 27	Shaila Khan		3,800	" 30	Mohaimin
			92,480		Balance c/d
					92,480

Bank Statement Details		Debit	Credit	Balance
		Taka	Taka	Taka
April 1	Balance b/d	-	-	60,000
" 3	Rahman	2,200	-	57,800
" 7	Mark Taylor	-	14,000	71,800
" 13	Ehasan	5,120	-	66,680
" 13	Yassir Hossain	-	4,900	71,580
" 19	Credit transfer to Nil	-	900	72,480
" 22	Niaz Ahmed	-	9,780	82,260
" 30	Bank charges	160	-	82,100
" 30	Insurance	1,250	-	80,850
" 30	Provident Fund	2,570	-	78,280

Requirement:

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- (i) Prepare the adjusted cash book as at 30th April, 2016.
- (ii) Draw up a bank reconciliation statement as at 30th April, 2016.

May-June 2016

- 2 Keya's Cash Book at 30 November 2016 showed an overdrawn position of Tk. 3,630 although her bank statement showed only Tk. 2,118 overdrawn. Detailed examination of the two records revealed the following:
 - 1) The debit side of the cash book had been undercast by Tk. 300.
 - 2) A cheque for Tk. 1,560 in favor of Rabeya Suppliers Ltd. had been omitted by the bank from its statement, the cheque having been debited to another customer's account.
 - 3) A cheque for Tk.182 drawn for payment of the telephone bill had been entered in the cash book as Tk 128 but was shown correctly on the bank statement.
 - 4) A cheque for Tk. 210 from Wasi having been paid into the bank was dishonored and shown as such on the bank statement although no entry relating to the dishonor had been made in the cash book.
 - 5) The bank had debited a cheque for Tk. 126 to Keya's account in error; it should have been debited by the bank to Kemmy's account.
 - 6) A dividend of Tk. 90 on Keya's holding of Ordinary Shares has been paid direct to her bank account and no entry made in the cash book.
 - 7) Cheques totaling Tk. 1,260 drawn on 29 November had not been presented for payment
 - 8) A lodgment of Tk. 1,080 on 30 November had not been credited by the bank.
 - 9) Interest amounting to Tk. 228 had been debited by the bank but not entered in the cash book.

Required:

- (i) Make any necessary entries in the cash book to prepare the corrected cash book.
- (ii) Prepare a bank reconciliation statement based on the corrected cash book as at 30 November 2016.

Nov- Dec 2016

- 1 The following are extracts from the cash and bank statements of IPM Ltd for the month of April, 2016.

Cash Book

Date		DR Taka	Date		CR Taka
April 1	Balance b/d	60,000	April 2	Rahman	2,200
" 7	Mark Taylor	14,000	" 11	Ehasan	5,120
" 13	Yassir Hosain	4,900	" 17	Oishee	7,600
" 16	Niaz Ahmed	9,780	" 25	Hossen	1,840
" 27	Shaila Khan	3,800	" 30	Mohaimin	75,720
		92,480		Balance c/d	92,480

Bank Statement

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Details		Debit Taka	Credit Taka	Balance Taka
April 1	Balance b/d	-	-	60,000
" 3	Rahman	2,200	-	57,800
" 7	Mark Taylor	-	14,000	71,800
" 13	Ehasan	5,120	-	66,680
" 13	Yassir Hossain	-	4,900	71,580
" 19	Credit transfer to Nil	-	900	72,480
" 22	Niaz Ahmed	-	9,780	82,260
" 30	Bank charges	160	-	82,100
" 30	Insurance	1,250	-	80,850
" 30	Provident Fund	2,570	-	78,280

Requirement:

- Prepare the adjusted cash book as at 30th April, 2016.
- Draw up a bank reconciliation statement as at 30th April, 2016.

May-June 2017

- Keya's Cash Book at 30 November 2016 showed an overdrawn position of Tk. 3,630 although her bank statement showed only Tk. 2,118 overdrawn. Detailed examination of the two records revealed the following:

- The debit side of the cash book had been undercast by Tk. 300.
- A cheque for Tk. 1,560 in favor of Rabeya Suppliers Ltd. had been omitted by the bank from its statement, the cheque having been debited to another customer's account.
- A cheque for Tk.182 drawn for payment of the telephone bill had been entered in the cash book as Tk 128 but was shown correctly on the bank statement.
- A cheque for Tk. 210 from Wasi having been paid into the bank was dishonored and shown as such on the bank statement although no entry relating to the dishonor had been made in the cash book.
- The bank had debited a cheque for Tk. 126 to Keya's account in error; it should have been debited by the bank to Kemmy's account.
- A dividend of Tk. 90 on Keya's holding of Ordinary Shares has been paid direct to her bank account and no entry made in the cash book.
- Cheques totaling Tk. 1,260 drawn on 29 November had not been presented for payment
- A lodgment of Tk. 1,080 on 30 November had not been credited by the bank.
- Interest amounting to Tk. 228 had been debited by the bank but not entered in the cash book.

Required:

- Make any necessary entries in the cash book to prepare the corrected cash book.
- Prepare a bank reconciliation statement based on the corrected cash book as at 30 November 2016.

Nov-Dec 2017

- The Bank Column of Cash Book of Tom & Co shows a debit balance of Tk.1,050 as on 30 June 2017. However, according to Bank Statement the balance was overdrawn. On investigation you find the following:
 - The receipt column of Cash Book has been overstated by Tk.1,100

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- Cheque drawn and entered in the Cash Book in June 2017 amounting to Tk.1,670 was not presented until July, 2017.
- Discount received from a supplier of Tk.100 had been included with the cheque entered in the Bank column of the Cash Book in April 2017.
- An amount of Tk.750 paid directly into Tom's account by a customer not entered in the Cash Book.
- A cheque payment of Tk.1,230 in April 2017 had been entered in the Cash Book as Tk.1,320.
- The Bank had charged the business account with a cheque for Tk.2,200 in February 2017, which should have been passed through owners private account.
- Bank Charges of Tk.80 at 31 December 2016 and Tk.100 at 30 June 2017 had not yet been entered in The Cash Book.
- Cheque to the value of Tk.3,780 received from the customers were recorded in the Cash Book on 28 June 2017 but not entered by the bank until 2 July 2017.

Required:

Prepare the adjusted Cash Book and Bank reconciliation statement.